

AB 1629 IMPLEMENTATION INSTRUCTIONS TO SUPPLEMENTAL SCHEDULES

Assembly Bill (AB) 1629, signed into law on September 29, 2004, enacts the Medi-Cal Long Term Care Reimbursement Act.¹ Provisions of the bill direct the Department of Health Services (DHS) to obtain federal approval for a cost-based, facility-specific rate setting system for freestanding nursing facilities, effective on August 1, 2005 and implemented the first day of the month following federal approval by the Centers for Medicare and Medicaid Services. The methodology set forth in AB 1629 will be used to reimburse skilled nursing facility services provided to Medi-Cal recipients by: (1) freestanding skilled nursing facilities level-B (FS/NF-B), both publicly and privately operated, and (2) subacute care units of FS/NF-Bs as defined in California Code of Regulations, Title 22, section 51124.5.

In implementing the Medi-Cal Long Term Care Reimbursement Act, the Department will develop reimbursement rates based on cost categories outlined in AB 1629. These cost categories include:

- Labor Costs, including Direct Care Labor, Indirect Care Labor and a Labor-Driven Operating Allocation;
- Indirect Care Non-Labor Costs;
- Administrative Costs;
- Capital Costs (using a Fair Rental Value System); and
- Medi-Cal Portion of Pass-through Costs for Property Taxes, Facility License Fees, Caregiver Training, Liability Insurance, and New State or Federal Mandates.

Cost data used to develop reimbursement rates according to these cost categories will be obtained from the facility's OSHPD Long-Term Care Facility Integrated Disclosure and Medi-Cal Cost Report (OSHPD Report) or the most recent facility-specific Audit Report. In instances where data elements are not specifically identifiable from either of these sources, Supplemental Schedules will be used to collect cost information.

For the 2006/07 rate period (commencing on August 1, 2006), DHS requires two Supplemental Schedules to identify costs that are currently not visible on the OSHPD Report. DHS has posted the Supplemental Schedules, as well as many other documents regarding AB 1629, on its AB 1629 website at: <http://www.dhs.ca.gov/mcs/mcpd/RDB/LTCSDU/default.htm>. It is preferable that the Supplemental Schedules be downloaded from this website and returned to DHS in electronic format. Note that these schedules have been modified from the prior rate year. Completed versions of the electronic schedules can be sent to supp1629@dhs.ca.gov. **Please label the electronic file with your facility's OSHPD Number** (e.g., 206xxxxxx). If electronic submission is not an option, please contact (916) 552-8613 for further instructions on transmitting these data.

¹ The Medi-Cal Long Term Care Reimbursement Act, Article 3.8 (commencing with Section 14126) of Chapter 3 of Part 3 of Division 9 of the Welfare and Institutions Code.